
BRADLEY UNION SCHOOL DISTRICT

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May 29, 2001

Honorable Robert O'Farrell
Presiding Judge of the Superior Court – 2001
Grand Jury – County of Monterey
Salinas, CA 93902

Dear Judge O'Farrell:

RE: RESPONSE TO THE 2000 MONTEREY COUNTY CIVIL GRAND JURY

The following letter is in response to the Final Report of the 2000 Monterey County Civil Grand Jury, regarding the use of California State Lottery Funds in Monterey County.

The background section of the report states "...Beyond stating that funds be used exclusively for education, the 1984 law only specifies that no moneys should be spent for the acquisition of real property, construction of facilities, financing of research or any other non-instructional purposes." It is true that the California Department of Education recommends that lottery funds be used for non-recurring expenses, the actual use is left up to the local administrators and elected school boards, in light of the fact that there are different needs for different school districts.

It is true Proposition 20 states that any increase above the 1997-98 level of lottery funding 50% of the increase be spent on instructional materials. The new law had little effect on the Bradley District because historically a much higher percent of lottery funding has been spent on instructional materials

Finding #1: Sixteen of the 19 responding school districts and one community college responding to the Grand Jury's survey spend lottery funds on employees salaries.

Response to Finding #1: The Bradley Union School District has not spent any lottery revenue for employee salaries after the 1995-96 School year.

Finding #2: At the time of the Grand Jury's survey, there was no evidence that any lottery education revenues were being spent for prohibited purposes in Monterey County.

Response to Finding #2: The Bradley Union School District is reflective of this finding.

Finding #3 Four of the 19 responding school districts place lottery moneys in their general funds without further tracking. This does not comply with the California Government Code, Section 8880.5. In addition, these school districts will be unable to verify compliance with the Cardenas Textbook Act of 2000.

Response to Finding #3: Accounting for lottery funds at Bradley Union School District consists of a sub-fund within the General Education Program. We are able to track lottery monies. It is our understanding that the new accounting system SACS will make this even easier to do.

Finding #4: Fifteen of the 19 responding school districts, both community colleges, and the County Superintendent do have special tracking accounts. However, for many of the reporting districts, these designated accounts do not contain sufficient detail to verify compliance with the Cardenas Textbook Act of 2000.

Response to Finding #4: The tracking for Bradley Union School District lottery funds is done both at the Monterey County Office of Education and here at Bradley School with sub funds within the General Education Program. We have not had a problem in tracking lottery expenditures. It is our understanding that the new accounting system SACS will make this even easier to do.

Recommendation #1: The County Superintendent and all Monterey County school districts receiving revenue from the California Lottery, verify that they have established and are maintaining separate accounts for the receipt and expenditure of these funds as required by Section 8880.5 of the California Government Code.

Response: While the lottery revenue received by the district is part of the general fund, it does have its own sub account at the county office with its own identification code. When monies are expended from this account, the district secretary assigns the expenditure with the appropriate code on the invoice that is sent to the county office. The county office takes the monies from the sub account and issues a warrant. The monies taken from lottery sub account will then show up on the monthly print out that is sent from the County Office of Education.

RECOMMENDATION #2: The County Superintendent and all Monterey County School districts review their accounting practices to facilitate tracking and compliance with the new requirements of California's Cardenas Textbook Act of 2000 as defined in Section 8880.4 of the California Government Code.

RESPONSE: The accounting practice that Bradley Union School District has in place allows for a monthly tracking of the expenditures of all funds. The district looks at all print outs of the month expenditures that are sent from the county office. The district secretary keeps a running account of the current balance in the lottery fund. Historically, the Bradley Union School District has never used lottery money for any other purpose other than direct student instruction and/or instructional materials.

Sincerely,



Charles Collins
Principal/Superintendent